Report to

# WA State Office of Financial Management

## Grants, Contracts and Loans Feasibility Study

Risk Plan

Washington State *Roadmap*

Sierra Systems

Sierra Systems Inc.
111 Market St NE • Suite 225
Olympia, WA 98501 USA
www.SierraSystems.com

Contact: Carol Baque
Phone: 360.357.5668
Fax: 360.754.0480
Email: CarolBaque@SierraSystems.com

Date: March 31, 2006

# TABLE OF CONTENTS



## Appendices

# 1. INTRODUCTION

## 1.1. Purpose

The purpose of the Grants, Contracts and Loans Management (GCLM) Risk Plan document is to describe an approach to identify and manage risks during implementation of a Best-of-Breed solution, and, to the extent feasible, list the anticipated risks and their mitigation strategies. Because the recommended solution is a Best-of-Breed software application which has not yet been selected, risks and risk management can only be addressed generically and at a high level.

The risk plan described in this document is meant to aid the planning for implementing a Best-of-Breed product by describing the factors to consider before and during implementation and the strategies with which to address them.

Considerable attention has been given to the advance identification of risks, as this is an early project implementing Roadmap principles, and as such can be expected to break new ground and create expectations for future Roadmap projects. Risks addressed include those experienced in other states with similar grant program implementations as well as those specifically anticipated for Washington State.

## 1.2. Background

The Washington State Department of Ecology must replace its aged Contracts & Grants Management System that processed transactions totaling $392 million in the 2003-2005 biennium. OFM has proposed that Ecology's replacement be directed into an enterprise system for Washington State to be used by multiple agencies for grants, contracts, and loans management. Benefits are avoidance of duplicative systems costs among agencies, cross-agency monitoring of projects, and improvement of core business practices. OFM is leading the effort, joined by the Departments of Ecology (ECY) and Community, Trade and Economic Development (CTED) as the first customers of the new system. An enterprise system is also mission-critical to CTED; it distributes over $1.2 billion in new and existing contracts and loans through manual procedures and spreadsheets and seeks improved business practices and information systems.

Monies spent toward such systems provide a unique opportunity to address not only ECY's and CTED's needs but also achieve:

- Avoidance of duplicative system' costs among agencies.
- Improved monitoring of projects. Agencies with programs for environmental quality could share project information, as recommended in the 2001 report by the Joint Legislative Audit

and Review Committee, "Investing in the Environment: Environmental Quality Grant & Loan Programs Performance Audit."

- Improved management of many types of contracts and of loans.
- Automated fiscal processes to achieve efficiencies in the payment, receipt and accounting for funds.
- Electronic access to those applying for grants, requesting payments, or seeking information.

The Proposed System will be a *Roadmap* Business Initiative. The *Roadmap* is a multi-year effort to improve and integrate the state's financial and administrative processes and information systems (More information is available at http://www.OFM.WA.GOV/Roadmap). As a *Roadmap* business initiative, this Enterprise Grants, Contracts & Loans Management System will be an early adopter of three key *Roadmap* approaches:

- **Business process modeling**. Business process modeling is being conducted to document the "as-is" business processes and the "could-be" future model. The "could-be" model will serve as a starting point for the feasibility study and will represent a common understanding of the best practices to be implemented by the State. The "could-be" model will also identify key policy changes that may be necessary, key common information requirements, and establish the value proposition that can be achieved. The "could-be" models related to grants, contracts and loans management are recently available.
- **Integration architecture**. A common integration architecture for the State's financial and administrative systems is being developed under the authority of the state's Enterprise Architecture committee. This architecture will consist of principles, policies, reference models and standards. The integration architecture will be designed to address the following questions:
  - What is the technical architecture that will allow core financial and administrative systems and business processes to be implemented incrementally with confidence that all of the pieces will fit together as they come on-line?
  - What are the clear and consistent guidelines for central systems providers and line agencies that allow core financial and administrative systems to fit within the State's current environment of common and agency "shadow systems"?
  - How can financial and administrative systems be constructed to allow business process solutions to be composed of agency unique and central, common components?

This architecture is under development at the time of the feasibility study. The feasibility study will take into account the integration architecture direction and requirements as known at that time.

**Performance measurement**. *Roadmap* business initiatives provide the opportunity to apply Government Management Accountability and Performance principles to the state's "back office" business processes. The performance indicators for grants, contracts and loans management is recently available as part of the business process modeling described above.

This feasibility study will allow OFM, ECY and CTED to plan for an enterprise solution for grants, contracts and loans management (within the scope of this project) by documenting:

- The requirements for an enterprise grants, contracts and loans solution
- The business case for proceeding with such a solution
- The alternatives – and costs and benefits – for a solution and a recommended solution

And, for the recommended solution:

- A conceptual design
- A work plan
- A risk management plan

The first four documents have been completed and their content approved, including the recommendation of proceeding with a Best-of-Breed solution. This document describes an anticipated risk plan to accompany the implementation of a generic Best-of-Breed application meeting the project's requirements.

## 1.3. Scope

The system described in the deliverables of this project has the following functional scope, as described in the project work request:

- For Grants Management, the functions of applying for grants, evaluating and awarding grants, daily grants/project management, payments, closures, and reporting/queries.
- For Contracts Management, the functions of documenting and establishing contracts, daily contracts management, payments, closures, and reporting/queries.
- For Loans Management, the functions of accounts payable for loans (It is expected that other systems will address the other functions of loans management.)

Also:

- The application for a grant by a recipient is in scope.
- The only Accounts Payable functionality in scope is whatever is needed to accommodate grants, contracts or loans as one process. The piece implemented for this system may be replaced when enterprise financial solutions are implemented. (A/P is the first thing the Roadmap will address next biennium.)
- Only sub-grants are in scope (page 2 of the grant "to be" process model).

**Out of Scope**

The following items are out-of-scope for this project:

- Accounts Receivable functionality is out of scope – no in-bound money.
- Procurement, as defined by the Roadmap project.
- Accounts Payable beyond that needed for grants, contracts and loans.
- The grant process: money coming in to the state.

**Related Projects**

The following related project initiatives are underway within OFM or its stakeholders, and may impact this initiative:

- The Roadmap Project, of which the selected solution will be a part. The Roadmap recently completed process diagrams for grants and loans and for contracts. They have published a Value Proposition document for grants and loans.
- Integration Services Initiative – established to enable enterprise solutions.

## 1.4. Approach

The Project Steering Committee has accepted the recommendation to detail the Best-of-Breed solution alternative. Because a product has not been selected, the team approached the risk plan from its own experience and the experiences of other teams implementing COTS packages in general and agreement management packages specifically. The Sources section below lists the specific projects and reports we studied to present the recommended activities in this document.

## 1.5. Sources

Sources for information in this document include:

| |
|---|
| Information Technology Portfolio Management Standards, prepared by the Washington State Department of Information Services: Appendix A Severity & Risk Level Criteria and Oversight. Website: http://isb.wa.gov/policies/portfolio/101S.doc#_Toc77412179 |
| CMS Software Requirements Specifications, CTED, June 2005: contracted study with seven appendices, summarizing findings on the requirements for a contract management system for CTED. |
| CMS Housing Trust Fund Storyboard, CTED, November 2005: contracted study with requirements for the Housing Division, including sample screen designs. |
| Contracts, Grants and Loans Project Preliminary Requirements Analysis, ECY June, 2005: contracted study with future process flows and high level requirements. |
| Grant Management Value Proposition, version 0.6, February, 2006: a description of the “to be” processes for grants and loans and the potential value in harmonizing common business processes produced by the State of Washington Enterprise Business Process and Data Modeling for the Roadmap for Financial and |

| |
|---|
| Administrative Policies, Processes, Systems and Data initiative. WA Roadmap publications can be found at the website: http://www.ofm.wa.gov/roadmap/modeling/grantmanagement.htm |
| Washington State Enterprise Architecture Program Integration Architecture Initiative Charter, EA Committee Document version 1.3, December, 2005: Description of issues to be addressed by the statewide enterprise architecture initiative, a list of the Documenter Team, and initiative timeline. |
| Berk & Associates Inventory and Evaluation of the State's Public Infrastructure Programs and Funds report dated December 16, 2005, http://www.ofm.wa.gov/roadmap/modeling/grantmanagement.htm |
| JLARC Investing in the Environment: Environment Quality Grant & Loan Programs Performance Audit, Report 01-01 dated January 22, 2001 |
| State of Minnesota Grants Management Business Case for Change documentation, 2005, (http://www.state.mn.us/portal/mn/jsp/content.do?programid=536907838&agency=Excellence) from the State of Minnesota Drive to Excellence Transformation Roadmap, including:<br>Grants Management Business Case for Change<br>Enterprise Grants Management Governance and Process Improvement<br>Enterprise Grants Management Tools |
| Electronic Grants - Management Systems in State Criminal Justice Administering Agencies - An Assessment, Final Report, Bureau of Justice Assistance, April 2005, http://www.ncja.org/egms-assessment.html |
| Best Practices in Automated Grant Management, White Paper involving the Missouri Department of Elementary Secondary Education, by MTW Solutions, LLC, http://www.mtwsolutions.com/psd/pdfs/extracts/automatedGrantManagement.pdf |
| Electronic Grants System Concept Paper, State of Texas Department of Information Resources Electronic Grants Technical Assistance Workgroup, July 25, 2002, http://www.dir.state.tx.us/peso/egrants |
| Electronic Grants Management Report, Texas State Department of Information Resources Program Management Office, February 2002, http://www.dir.state.tx.us/pubs/egrants/eGrant-Mgt-Rpt.htm |
| E-Grants Business Case Summary, E-Grants Program Management Office of the US Department of Health and Human Services, June 2002, http://www.grants.gov/assets/BusinessCaseSummary.pdf |
| State of Washington OFM Accounts Receivable Feasibility Study, 2004, http://www.ofm.wa.gov/roadmap/links.htm |
| State of Washington OFM Capital Asset Management System Feasibility Study, 2004, http://www.ofm.wa.gov/roadmap/links.htm |
| State of Washington DOT Consumable Inventory System Feasibility Study, 2004, http://www.ofm.wa.gov/roadmap/links.htm |

# 2. RISK MANAGEMENT

No project is without risk. Risks are factors that reduce the chances of the project being successful in terms of achieving its goals, objectives, or the production of project deliverables. Risks associated with the project should be identified, analyzed and prioritized. Risk analysis identifies risk factors before they occur and assesses how likely they are to occur. It is important to ensure that all projects have an agreed upon basis for identifying and evaluating risks before risk identification commences.

Risk management takes steps to minimize their occurrence and plans the steps to be taken if they do occur. Identified risks must be controlled through the process of project planning and monitoring. Risk identification and management must be integrated components of project management and be continuously assessed and analyzed during the life of the project.

Risk management activities represent basic insurance for project success. Not managing risk invites a whole range of problems from lack of clear expectations at the start of a project, to schedule and budget overruns as a project is executed, to the delivery of an unsatisfactory business solution to the client at the end.

## 2.1. Risk Management Activities

The lifecycle of managing a risk consists of five major activities: identify, analyze, plan, track and control, and communicate. Risk management is a continuous process that applies these activities to all phases of a project.

***Risk Identification*** — All projects involve some degree of risk. It is seldom cost effective to try to eliminate risk altogether, or even to reduce it to a very low level. It is, however, critical to conduct risk analysis to identify the key risk factors before an effective risk management plan can be put in place. For each risk factor identified, its likelihood of being relevant to the project and its damage potential must be considered. Based on this analysis, the project manager can derive a relative measure of importance associated with each risk factor identified. The goal of risk management is to reduce project risk to an acceptable level.

***Risk Mitigation (analysis)*** — For each key risk factor, the project manager considers options for reducing the likelihood and damage potential of the risk. For each option, the project manager considers the consequences of implementing the option.

***Risk Management (plan)*** — Once the key risk factors have been determined, the project team will create and implement a risk management plan. The risk management plan itself forms part of the project plan. Ensuring the project plan is appropriately implemented is part of the quality

assurance process. An effective Risk Management Plan has two characteristics; it is kept current and it is well communicated. The Risk Management Plan supports the core principle of continuous risk management – open communication. A significant component of each risk management plan is identifying and implementing key performance indicators capable of providing early warning signs where management action is required.

***Specific Processes*** — The procedures and activities the project team will build into the implementation plan will follow the formal risk management approach. The day-to-day activities that reduce the likelihood or damage potential of the risk factors include: documenting assumptions, assigning responsibility, breaking large segments of the project into smaller parts, involving the client, qualified estimating, qualified team personnel, progress monitoring, change management and quality assurance.

***Examples of Forms or Documents*** — Through the DIS Project Management Framework, OFM can use several sample forms for implementing a risk management plan including the Risk Management Plan Template and the Risk Management Log.

## 2.2. Risk Management Strategy

Risk identification and management need to be integrated components of project management and be continuously assessed and analyzed during the life of the project. High risks need to be mitigated and retired early in the project approach. The following are examples of early risk mitigation activities for any project:

- Conduct a risk assessment at the start of the project and review it regularly during the project identifying risk areas of the project and establishing both preventative and contingency actions.
- Develop a risk management plan at the beginning of each project and maintain this plan(s) throughout the life of the project.
- Use requirements confirmation to mitigate scope and functional risk.
- Use a proof of concept to eliminate technology and configuration risk.
- Ensure that the project team thoroughly understands the project scope at the beginning of the project.
- Ensure that all participants and project stakeholders sign off on the scope statement.

Usually the project manager will have the primary responsibility for the development of the risk management strategy; however, there are many other “actors” that may play a role in implementing the risk management strategy including project team members and stakeholders, both internal and external. For information on the entities that will impact the risk environment for the implementation of the state-wide grants, contracts, and loans management system, see section 4 of this report.

# 3. PROJECT RISK MANAGEMENT ENVIRONMENT

The risk management environment for the implementation of a state-wide grants, contracts, and loans management system is complicated by the following factors:

- An "enterprise" solution will result in changes to grants, contracts, and loans management processes for some state agencies and grant-making bodies.
- Enterprise vision and structures for Washington State are still being formulated. New findings, policies and on-going or new initiatives from the Roadmap for Washington State Financial and Administrative Policies, Processes and Systems may impact the scope, implementation approach, and/or success of the GCLM project.
- The implementation team is limited to three agencies, but the solution must be "acceptable" to a potentially wide user group of Washington State agencies and grant-making bodies.
- There is no enterprise governance structure in place yet, nor is there a mandate for state-wide use of the system. Other grant and contract system initiatives are on-going in several Washington State agencies and grant-making bodies.

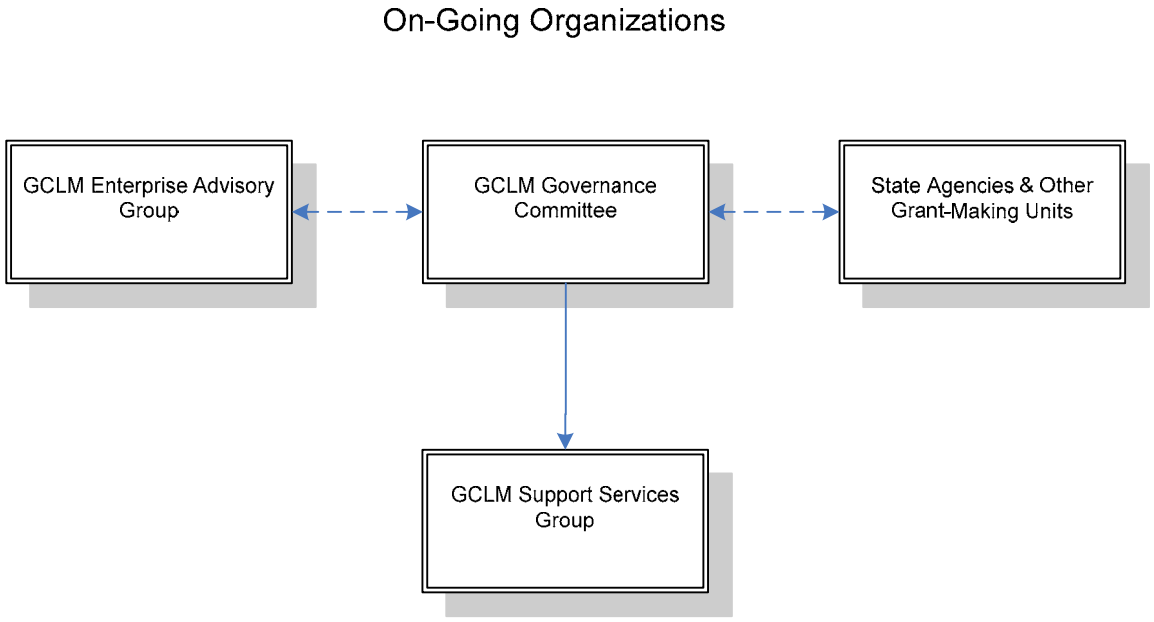
## 3.1. Risk Management Actors

In this environment the major "actors" (entities) that will interact with GCLM processes and the GCLM system include GCLM Organizational Units or teams and other stakeholders, both internal and external.

### 3.1.1. GCLM Organizations: Ongoing

Several new GCLM Organizational units will play key roles in risk management for the project. As noted in the Grants, Contracts, and Loans Management Work Plan document, there are three on-going groups resulting from the establishment of enterprise governance and support/training structures for grants, contracts, and loans management as shown in the following diagram:

- GCLM Governance Committee
- GCLM Enterprise Advisory Group
- GCLM Support Services Group

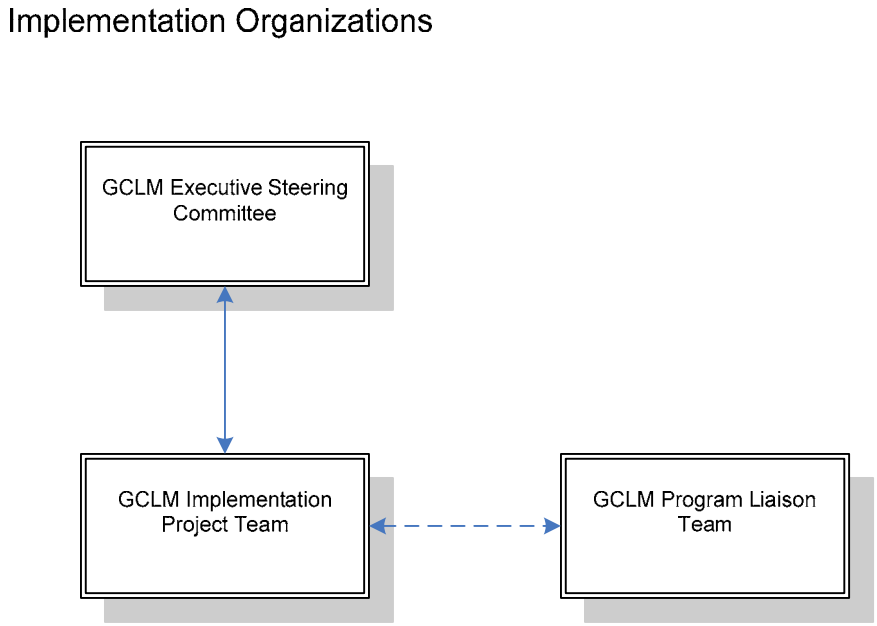



In the above diagram, the "State Agencies & Other Grant-Making Units" box does not represent the creation of new organizational units, but instead represents interaction with existing state agencies and grant-making bodies that are involved to some capacity in grants, contracts, and loans management processes.

### 3.1.2. GCLM Organizations: Implementation Project

Project implementation groups, which are not on-going, that would be established for the implementation of the grants, contracts, and loans management are shown in the following diagram and include:

- GCLM Executive Steering Committee
- GCLM Implementation Project Team
- GCLM Program Liaison Team




### 3.1.3. Other Stakeholders

Besides these GCLM organizational units, internal stakeholders that will play a role in risk management include users of the system, program managers from participating agencies, non-participating agencies that have GCLM processes and systems, agency Fiscal and Budget staff, the Legislature, and the Office of the Governor. External stakeholders that will impact risk management include funders, applicants, and grantees.

## 3.2. Risk Management Responsibilities

From a risk perspective, the GCLM project could be viewed as being composed of two distinctive sub-projects: one to implement enterprise GCLM governance and support/training structures and another to implement the GCLM system for participating agencies. As such, it may be beneficial to the participating agencies to create a "master" risk plan that can be broken down into two separate risk plans, one for the governance project and the other for the system implementation project.

**Risk Identification** responsibilities reside with all the risk management actors identified in the preceding section.

As risks are identified in each project they will be added to the "master" risk plan. Unresolved risks from the system implementation project may need to be escalated to the Executive Steering

Committee. If this group views the risk as being "outside" the scope of their purview, but within the scope of the Governance structure, then the Executive Steering Committee can interact with the Governance Committee to assign or "swap" the risk over to the Governance Committee.

Conversely, risks identified by the governance structure units should be added to the master risk plan so that the implementation project managers can be made aware of them. Unresolved governance risks should be communicated to the Executive Steering Committee as these may have an impact on the implementation project prior to its conclusion.

The GCLM Program Liaison Team needs to monitor external stakeholder feedback and acceptance and communicate on a timely basis back to the GCLM Implementation Project Team any new external risks to the project.

Risk identification is the responsibility of all members of the project team. The project team is responsible for thoroughly understanding the project scope, carrying out the risk mitigation activities as directed by the project managers and identifying and communicating any new perceived project risks to the project manager in a timely fashion.

**Risk Management** responsibilities may reside with the GCLM Implementation Project Team, specifically the Project Managers, and the GCLM Executive Steering Committee or Governance Committee as needed.

It is important for the project managers to identify the risks in a project and to ensure appropriate risk analysis plans are put in place to react to each risk that presents itself. The project managers are responsible for frequently checking progress and the resulting deliverables against the project scope.

The Executive Steering Committee is responsible for ensuring that risks that have been elevated to their attention are addressed and appropriate action taken to ensure the success of the project.

The table below lists the high-level roles and responsibilities of participants in the Risk Management Process. The primary stakeholders responsible for risk management are the project managers and the project team, with support from the Executive Steering Committee.

| Implementation Role | Risk Responsibilities |
|---|---|
| GCLM Governance Committee (Ongoing) | • Review and approve Risk Management Plan and make recommendations<br>• Monitor risks status<br>• Identify risks<br>• Help manage risks as needed |
| GCLM Executive Steering Committee (Implementation) | • Review and approve Risk Management Plan and make recommendations<br>• Monitor risks status |

| | |
|---|---|
| | • Identify risks<br>• Help manage risks as needed |
| GCLM Program Liaison Team (Implementation) | • Understand project scope<br>• Identify risks and communicate to project manager<br>• Help manage risks as needed |
| Project Managers | • Develop and maintain Risk Management Plan<br>• Implement and execute Risk Management Plan<br>• Monitor risk status<br>• Conduct periodic risk status meetings with project team and with Steering Committee<br>• Manage risks |
| GCLM Implementation Project Team | • Understand project scope<br>• Execute risk mitigation activities as directed<br>• Identify and communicate new perceived risks to project manager<br>• Develop mitigation strategies and contingency plans |
| GCLM Support Services Group (Ongoing) | • Review technical architecture and technical risks and make recommendations<br>• Identify risks and communicate to project manager |
| Other Stakeholders | • Understand project scope<br>• Identify risks and communicate to project manager |

# 4. RISK MANAGEMENT PLAN

## 4.1. Definitions

The purpose of the Risk Management Plan is to document risks and specify how they will be managed during the project. The Risk Management Plan is the primary tool for continuous risk management and is used for communicating current risk status to the project team. The following key information is contained in a Risk Management Plan.

***Risk*** — a future event or problem that exists outside of the control of the project that will have an adverse impact on the project if it occurs. Risk involves the probability of occurrence and the possible consequences or impact. Unlike an issue that is a current problem that must be dealt with, a risk is a potential problem that has not yet occurred.

***Risk Analysis*** — an examination of risk areas or events to assess the probable consequences for each event, or combination of events in the analysis, and determine possible options for avoidance.

***Risk Exposure (rank)*** — the likely loss or consequence of a risk. It is the combined probability and impact of a risk usually expressed as the product or probability x impact.

***Risk Impact —*** the harm or consequences to a project of a risk if it occurs. Usually expressed on a relative scale such as low, medium or high.

***Risk Management*** — a process to assess potential problems (risks), determine which risks are important to deal with and implement strategies to reduce the likelihood or consequences (impact) of those problems.

***Risk Mitigation***—actions taken to eliminate or reduce risk by reducing the probability and or impact of occurrence.

***Risk Probability*** — the likelihood of a risk occurring. Usually expressed as a probability percentage or a relative scale such as low, medium or high.

***Risk Trigger*** — events or thresholds for indicators that specify when an action such as implementing a contingency plan needs to be taken.

Managing a risk consists of picking the appropriate strategy — avoidance, mitigation, or containment. Risk avoidance means ensuring the risk has no chance of occurring at all. Risk mitigation means acknowledging the risk may occur and attempting to reduce its exposure. This can be done in one, or preferably both, of two ways:

- Making it less likely to occur in the first place.

- Attempting to reduce its negative impact if it manages to occur anyway.

Risk containment means identifying the "trigger" that will indicate when the risk has occurred and attempting to contain its potential negative impact on the project.

## 4.2. Risk Plan and Anticipated Risks

The following Risk Plan is a starting point for an implementation project risk plan. It contains the major risks and possible mitigations as anticipated for implementing a Best-of-Breed agreement management system. Once the product is selected and the implementation project is begun, the project managers and teams identified in the previous section will revise this list and complete the columns based on the actual project plan.

During this project we have extensively researched projects of other states implementing enterprise systems in general and grants management systems in particular. The State of Minnesota has implemented not only an enterprise grants management system, but also the governance structure to support it. The list of risks below draws on their experience and lessons learned, as well as the anticipated situation here.

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| **Human Resource Risks** | | | | | | | | | | | |
| 1 | Fear of major change by participating agencies or organizations | | | | | • Include a communication plan in the Project Charter and obtain approval of the plan from key stakeholders. The plan will be used to continuously communicate project intentions and progress to agency managers and staff on an ongoing basis.<br>• Update the business case including longer term constituent expectations. | | | | | |
| 2 | Change of business processes may be challenging for state employees accustomed to "how things were" | | | | | • Identify changes in business procedures early in business requirements analysis.<br>• Communicate anticipated changes to those affected early and often.<br>• Involve users (agency staff) in development of new business practices to ensure buy-in and acceptance of the new system. | | | | | |
| 3 | Fear of potential | | | | | • Highlight efficiencies in program delivery. | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | redeployment of persons in existing agreement functions | | | | | • Execute a good communication plan that takes into account workforce issues and attrition rates.<br>• Dedicate project resources through the project. | | | | | |
| 4 | Potential for FTE reductions and need for re-training; perceived elimination of FTEs | | | | | • Highlight efficiencies in program delivery and opportunities for expanded service.<br>• Execute a good communication plan that takes into account workforce issues and attrition rates.<br>• Develop longer term re-training plan and dedicate resources based on a longer term plan. | | | | | |
| 5 | Inability to realize benefits if workload changes do not occur at the agency and program level | | | | | • Document workload baseline and performance measures.<br>• Update the business case including previously unexpected benefits.<br>• Demonstrate and communicate qualitative benefits. | | | | | |
| 6 | Potential for labor relations issues and inability to make changes at agency levels to realize benefits | | | | | • Involve agency HR directors and union.<br>• Develop clear plan for dealing with attrition, training, redeployment and layoffs. | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | of the opportunity | | | | | | | | | | |
| 7 | Inability to affect change in agency processes and personnel activities through overriding governance structures | | | | | • Allow time in preparatory scoping and planning, analysis and assessment for agencies to provide input and gather support of changes.<br>• Increase buy-in through continued process redesign, and updating business case benefits. | | | | | |
| 8 | Risk of historical organizational contacts changing and potential inefficiencies in adapting to these changes | | | | | • Assure design, training and implementation activities are clear and include time to build these new connections.<br>• Execute a good communication plan for both internal and external stakeholders. | | | | | |
| 9 | Potential view that a governance structure diminishes agency influence and input | | | | | • Allow time in preparatory scoping and planning, analysis and assessment for agencies to provide input and gather support of changes.<br>• Increase buy-in with continued process redesign and updating business case benefits.<br>• Execute a good communication plan for both internal and external stakeholders. | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| 10 | Inability to adequately train individuals in multiple agencies on new tools, new procedures, new policies | | | | | • Assure design, training and implementation activities are clear and include opportunity (and related funding) to retrain individuals.<br>• Leverage new governance structure to gain efficiencies in new training/policy setting model. | | | | | |
| 11 | Perceived loss of control by agencies to a new enterprise level organization and related impacts to agencies | | | | | • Allow time in preparatory scoping and planning, analysis, and assessment for agencies to provide input and gather support of changes.<br>• Increase buy-in with continued process redesign and updating business case benefits.<br>• Implement an application governance structure.<br>• Build into the ongoing process steps necessary to facilitate and communicate enterprise decisions including longer term constituent requirements, economic drivers and decision-making principles. | | | | | |
| 12 | Potential realignment of the grant portfolio through enterprise views and concern that this may negatively | | | | | • Solicit input from external stakeholders.<br>• Build into ongoing process the steps necessary to facilitate and communicate enterprise decisions | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | impact some stakeholders | | | | | including longer term constituent requirements, economic drivers and decision-making principles.<br>• Demonstrate increased benefit and value to recipient communities and the State. | | | | | |
| 13 | Governance staff turnover | | | | | • Develop a long term plan that will provide stability for governance structure.<br>• Work with governance to obtain replacement. | | | | | |
| **Funding Risks** | | | | | | | | | | | |
| 14 | Lack of funding | | | | | • Balance the investment with the longer term administrative returns, quality improvements and service innovations offered through the effort.<br>• Communicate to both internal and external stakeholders the improved ability to serve recipients and evaluate recipient spending by stakeholder group. | | | | | |
| 15 | Agency budgets may be cut to fund the investment | | | | | • Coordinate communication and understanding of agency benefits.<br>• Develop effective relationships with agency directors and executive | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | | | | | | sponsors.<br>• Update the business case including qualitative benefits.<br>• Communicate benefits to funders through agency management and budget staff. | | | | | |
| 16 | Concern that loss of ownership and control may occur; dependence on enterprise funding decisions | | | | | • Demonstrate how new processes and tools can enhance agreement management processes at agency level and that it will not impact agency relationships with programs. | | | | | |
| 17 | Investment risk depends on success of system for grant manager's workbench | | | | | • Ensure best practices for system implementation and maintenance, project management and training.<br>• Demonstrate benefits through pilot programs and phased implementation.<br>• Demonstrate support of enterprise goals. | | | | | |
| 18 | Investment/funding in new governance structure | | | | | • Communicate with agencies on benefits and roles of the new governance structure.<br>• Communicate, demonstrate and champion with agencies on benefits of the new system.<br>• Develop a marketing plan to | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | | | | | | communicate system benefits to agencies. | | | | | |
| 19 | Inability to ensure continuity of funding of governance structure | | | | | • Demonstrate benefit of structure and communication with stakeholders.<br>• Develop a long term plan that will provide stability for governance structure. | | | | | |
| 20 | Inability to see beyond prior investments by stakeholders (including agencies, legislators, taxpayers) that have already moved forward with investments ("we already have that") | | | | | • Update the business case, including qualitative benefits, at pilot and each rollout.<br>• Develop a marketing plan to communicate system benefits to agencies.<br>• Communicate and demonstrate with agencies the benefits of the new system.<br>• Show agency specific cost benefit analysis and ability to identify unique requirements of each agency.<br>• Encourage flexibility at the enterprise level for agency-specific needs. | | | | | |
| **State/Recipient Risks** | | | | | | | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| 21 | Dilution of agency relationships with grantors and grantees | | | | | • Emphasize and demonstrate that agency-specific program functions should not be adversely affected and that benefits will be felt by programs and recipients.<br>• Continue to emphasize client relationship management, including Customer Service Representatives and Program Liaison Team. | | | | | |
| 22 | Potential for loss of control by programs to a new enterprise level organization and related impacts to programs | | | | | • Demonstrate how new processes and tools can enhance agreement management processes at the agency level and will not impact agency relationships with programs.<br>• Train program staff on system choices and flexibility features. | | | | | |
| 23 | Recipients may view changes negatively, fearing their revenue will be impacted | | | | | • Develop communication plan identifying these stakeholders; Program Liaison Team to communicate and demonstrate the benefits of the new changes. | | | | | |
| 24 | Potential realignment of the sub-grant portfolio through enterprise views may negatively impact recipients | | | | | • Build into ongoing process the steps to facilitate and communicate enterprise decisions, including longer term constituent requirements, economic drivers and decision-making principles.<br>• Continue to emphasize | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | | | | | | relationship management with Customer Service Representatives and Program Liaison Team. | | | | | |
| 25 | Inability to adequately train external users on new tools, procedures and policies | | | | | • Dedicate time and resources to address training and workforce needs.<br>• Align project schedule to business schedule. | | | | | |
| 26 | Missteps with internal and external users puts legislative relationships at risk | | | | | • Incorporate quality review/oversight and legislative interaction in implementation to identify issues early and resolve through standard project implementation channels.<br>• Execute a good communication plan for both internal and external stakeholders.<br>• Solicit feedback from system users: “how are we doing?” | | | | | |
| 27 | Recipients may not have technology necessary to use the new system | | | | | • Develop contingency plans or processes for recipients that cannot use the new technology.<br>• Survey or use other methods of soliciting feedback from external users on their technology capability.<br>• Develop communication plan identifying these stakeholders; | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | | | | | | communicate alternative possibilities.<br>• Train recipients in use of the system, with manual methods as needed. | | | | | |
| 28 | New system may not integrate with recipients' program systems | | | | | • Make system information available in a standard format.<br>• Communicate the change to external stakeholders starting in the preparatory phase. | | | | | |
| 29 | Lack of buy-in by applicants/recipients because of fear of change | | | | | • Communicate key successes from process improvements, governance and tools.<br>• Implement project and ongoing teams to assure communication. | | | | | |
| 30 | Lack of buy-in by agencies because of perceived or potential lower level of service, more work required, and previous investments | | | | | • Develop a credible governance structure that demonstrates results.<br>• Balance need to standardize with unique circumstances and investments of agencies.<br>• Improve communication on implementation, transitions and decision-making principles.<br>• Communicate key successes from process improvements, governance and tools. | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| 31 | Lack of buy-in by recipients because of perceived or potential additional work, poor analysis of their needs, fear of fewer grants, increased bureaucracy or lack of flexibility. | | | | | • Identify and engage recipients at the beginning with inclusion at key milestones including business case updates, process design, pilot and training. | | | | | |
| 32 | Potentially insufficient project analysis that may lead to non-compliance of federal government requirements as well as a myriad of other problems | | | | | • Allow time in process design to update and confirm input from funders<br>• Communicate directly with funders.<br>• Dedicate people to researching the federal guidelines and standards underlying these guidelines. | | | | | |
| **Service Risks** | | | | | | | | | | | |
| 33 | Changes are meant to create a “one-size” fits all view of agreement management | | | | | • Emphasize and demonstrate that agency-specific program functions should not be adversely affected.<br>• Show that the grant management is employing consistent decision-making criteria.<br>• Adjust charter and governance to best serve the business of | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | | | | | | agreement management. | | | | | |
| 34 | Inability to capture outcomes in addition to outputs through standard processes and tools | | | | | • Dedicate adequate time and skills to define specific performance requirements and ensuring system configuration meets these requirements. | | | | | |
| **Implementation/Scope Risks** | | | | | | | | | | | |
| 35 | The project may not meet user expectations as stated in its Project Charter | | | | | • Communicate with stakeholders through the Project Charter and throughout the project to ensure involvement and understanding. | | | | | |
| 36 | Failure to contain scope could inflate costs and impact the project schedule. The breadth of the project is large, encompassing the installation of new software and the integration with existing processes and systems across multiple state | | | | | • Complete preparation by inventorying programs and their processes and documents. Update project schedule after preparatory phase.<br>• Document and control scope through tightly managed project expectations and rollouts, clearly documented deliverables and acceptance criteria.<br>• Ensure project responsibilities are | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | agencies | | | | | clearly defined to all participants.<br>• Implement Issue and Change Management procedures for the project. | | | | | |
| 37 | Scope expansion, including interfaces to other State agency applications, not clear to all stakeholders | | | | | • Ensure that the project team thoroughly understands the project scope at the beginning of the project, and that all participants and project stakeholders sign off on the scope statement.<br>• Ensure that project manager frequently checks project progress and the resulting deliverables against the project scope. | | | | | |
| 38 | Budget constraints may inhibit development of full and complete system functionality. | | | | | • Develop and update project plans following preparatory phase and each rollout.<br>• Manage budget to the plan through intensive management of project scope changes. | | | | | |
| 39 | Insufficient OFM project resources resulting in project delays or unimplemented system functionality | | | | | • Assign staff and backup staff early.<br>• Be prepared to hire contractors, technical and functional. | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| 40 | Insufficient ECY or CTED resources to perform assigned project activities resulting in project delays | | | | | • Ask agencies to provide dedicated resources in key areas to ensure timely completion of project activities. OFM will look to agencies to recommend the best staff to work with, based on interest, past involvement and influence. | | | | | |
| 41 | Sufficient resources not available at the appropriate time | | | | | • Develop WBS and schedule that includes resource needs and timing.<br>• Communicate resource needs with agencies and staff.<br>• Get resource commitments from agencies.<br>• Identify business cycles in preparatory phase and work into implementation schedule.<br>• Use multiple methods to communication with team. | | | | | |
| 42 | Project staff turnover – resources not dedicated to project | | | | | • Work with agencies to determine availability of staff.<br>• Work with agencies to obtain a replacement.<br>• OFM to negotiate for other staff to help keep project on track. | | | | | |
| 43 | Lack of appropriate organizational | | | | | • Involve appropriate stakeholders in identifying champion and | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | advocate(s) for implementation | | | | | legitimizing champion and role. | | | | | |
| 44 | Inadequate coordination with other Roadmap initiatives | | | | | • Identify key dependencies while sequencing this project with other initiatives.<br>• Key stakeholders to evaluate dependencies and their appropriate interaction.<br>• Execute a good communication plan for all stakeholders, including the Roadmap team.<br>• Continually update and address project interaction points. | | | | | |
| 45 | Failure of other key Roadmap initiatives on which success of this project is contingent | | | | | • Stage and coordinate the implementation of this system considering the other Roadmap efforts. | | | | | |
| 46 | Effect on systems and processes needed to accommodate federal grant requirements | | | | | • Identify effects in preparatory phase.<br>• Update requirements.<br>• Program Liaison Team to communicate changes and needs to project.<br>• Monitor fit to requirements during process redesign and | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | | | | | | implementation. | | | | | |
| 47 | Loss of flexibility due to too much structure within system and related processes | | | | | • Demonstrate features and flexibility available in the new system.<br>• Work with enterprise to develop decision-making principles for agency-specific needs/requests.<br>• Demonstrate how new processes and tools can enhance control of agreement management processes at the agency level without impacting agency relationships with programs. | | | | | |
| 48 | Unclear communication and understanding of the improvements and benefits | | | | | • Build communication plan that clearly and repeatedly demonstrates how new processes and tools can enhance control of agreement management processes at the agency level without impacting agency relationships with programs. | | | | | |
| 49 | Lack of balance between the need for "quick" results and the need for adequate time to scope, plan and assess improvements | | | | | • Preparatory phase to identify candidates for "quick" results and issues.<br>• Pilot phase to test assumptions.<br>• Update schedule after preparatory phase and after pilot and each rollout.<br>• Implementation plan includes a quality plan, timeline and a clear | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | | | | | | assignment of who is responsible for acceptance of project deliverables. | | | | | |
| 50 | Allowing adequate time to scope, plan and assess improvements | | | | | • Incorporate improvements scoping, planning and implementation efforts into implementation plan.<br>• Conduct a survey of system users after implementation. | | | | | |
| 51 | Lack of alignment of implementation plans/efforts with biennial budget process | | | | | • Incorporate biennial budget process into implementation plan. | | | | | |
| 52 | Success depends on developing effective IT security | | | | | • Ensure the scoping and planning phase incorporates proper IT security requirements and that security tests are part of the implementation rollout. | | | | | |
| 53 | Potential that the system will not be fully integrated with other financial support systems such as enterprise budgeting and planning | | | | | • Communicate with the technical team and statewide enterprise teams on the architectural design and interface strategy. | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact Occurrence Probability | | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| 54 | Inability to realize benefits if workload changes do not occur at the agency and program levels | | | | | • Document workload baseline and performance measures.<br>• Update the business case including previously unexpected benefits.<br>• Demonstrate and communicate qualitative benefits. | | | | | |
| 55 | Expiration of technical and software support for legacy GCP system | | | | | • Take the appropriate actions to provide GCP functionality until the new solution is implemented. | | | | | |
| 56 | Insufficient vendor support | | | | | • Include vendor stability and service in RFP evaluation.<br>• Check client references of vendor before procurement.<br>• Project manager to monitor vendor relationship. | | | | | |
| 57 | State technical environment may change during implementation | | | | | • Select product with component architecture to isolate from State changes.<br>• Keep informed on State enterprise architecture and strategy. | | | | | |
| 58 | Federal technical environment may change during | | | | | • Select product with component architecture to isolate from State changes.<br>• Keep informed on Federal | | | | | |

| | Risk/Threat | Business Priority | | | | Risk Management Strategy | | | | | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk Category | Impact | Occurrence Probability | Exposure (Rank) | *Mitigation Activities* | *Contingency* | | | | |
| | | | | | | | *Trigger* | | | Activities | |
| | | | | | | | Condition | Date | Schedule | | |
| | implementation | | | | | enterprise progress. | | | | | |
| 59 | Inadequate project management for implementation | | | | | • Secure an experienced Project Manager for Internal and External resources. | | | | | |

# Appendix A.Revision Log

| Date | Description | Author |
|---|---|---|
| March 28, 2006 | Draft submitted for review | Tom Babington / Carol Baque |
| March 30, 2006 | Revise after User Group review:<br><br>*p4, Sources:* add DIS Severity and Risk standards website<br>*pp15-32:* change risks:<br>delete former risk #15<br>add risks: 13, 56, 57, 58, 59<br>rename risks: 16, 17, 19, 25, 29, 30, 53<br>change mitigation strategies for risks: 4,5,8,9,11,15, 18, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 32, 41, 44, 46, 47, 49, 50, 53, 54<br>*Appendix B:* add DIS Severity and Risk matrices and material | Carol Baque |
| March 31, 2006 | Revise after OFM review:<br><br>*pp15-35:* change risks:<br>change mitigation strategies for risks: 3, 14, 18, 20, 27, 32<br>Appendix B: clarify purpose of appendix | Carol Baque |

# Appendix B.DIS Severity and Risk Matrix

This section has been included at the request of OFM project management to aid their project portfolio process. The GCLM project will be subject to oversight by the Information Services Board (ISB) based on the criteria published in the Information Technology Portfolio Management Standards document, referenced in section 1.5 Sources and copied below.

Based on the criteria in that document (and reproduced below), the GCLM project would likely rate:

- High for Severity. All categories of the Severity matrix would likely rate high. This is a multi-agency application with exposure to public grant recipients and vendors.
- Medium to High for Risk. The Functional Impact category could rate high, since this is a multi-agency application and would involve changes to business rules, possibly significant changes. For other categories, a medium risk is more likely since the cost is estimated at under $5 million and the technology and management are unlikely to be risky, given a successful procurement.

Based on the scoring criteria below, the oversight level is likely to be Level 2 or Level 3.

**The following is copied from the website referenced in section 1.5 Sources: http://isb.wa.gov/policies/portfolio/101S.doc#_Toc77412179.**

## Severity & Risk Level Criteria and Oversight

Severity is rated on four categories: impact on citizens, visibility to the public and Legislature, impact on state operations, and the consequences of doing nothing. The risk criteria measure the impact of the project on the organization, the effort needed to complete the project, the stability of the proposed technology, and the agency preparedness.

The risk and severity criteria summarized in the following pages are general guidelines for assessing IT projects and are not intended to be exhaustive.

### How to use the Severity and Risk Matrix

In general, the highest level evaluation in a category determines the severity or risk level for that category. For example, a project or investment that meets one or more of the criteria (bulleted items) within the "high" category results in a high rating for that category, even though it may also meet several in the medium or low categories.

Severity and Risk Level assessments should be conducted with your DIS Senior Technology Management Consultant.

**Severity Level Criteria**

The severity matrix assesses the proposed project's impact on citizens and state operations, its visibility to stakeholders, and the consequences of project failure.

| | Categories | | | |
|---|---|---|---|---|
| **Levels** | **Impact on Clients** | **Visibility** | **Impact on State Operations** | **Failure or Nil Consequences** |
| **High** | • Direct contact with citizens, political subdivisions, and service providers – including benefits payments and transactions. | • Highly visible to public, trading partners, political subdivisions and Legislature.<br>• Likely subject to hearings.<br>• System processes sensitive / confidential data (e.g. medical, SSN, credit card #'s). | • Statewide or multiple agency involvement / impact.<br>• Initial mainframe acquisitions or network acquisitions. | • Inability to meet legislative mandate or agency mission.<br>• Loss of significant federal funding. |
| **Medium** | • Indirect impacts on citizens through management systems that support decisions that are viewed as important by the public.<br>• Access by citizens for information and research purposes. | • Some visibility to the Legislature, trading partners, or public the system / program supports.<br>• May be subject to legislative hearing. | • Multiple divisions or programs within agency. | • Potential failure of aging systems. |
| **Low** | • Agency operations only. | • Internal agency only. | • Single division.<br>• Improve or expand existing networks or mainframes with similar technology. | • Loss of opportunity for improved service delivery or efficiency.<br>• Failure to resolve customer service complaints or requests. |

**Risk Level Criteria**

The risk matrix measures the impact of the project on the organization, the effort needed to complete the project, the stability of the proposed technology, and agency preparedness.

| | Categories | | | |
|---|---|---|---|---|
| **Levels** | **Functional Impact on Business Processes or Rules** | **Development Effort & Resources** | **Technology** | **Capability & Management** |
| **High** | • Significant change to business rules.<br>• Replacement of a mission critical system.<br>• Multiple organizations involved.<br>• Requires extensive and substantial job training for work groups. | • Over $5 million.<br>• Development and implementation exceeds 24 months.*<br>• Requires a second decision package.<br><br>* Clock starts after feasibility study or project approval and release of funding. | • Emerging.<br>• Unproven.<br>• Two or more of the following are new for agency technology staff or integrator, or are new to the agency architecture: programming language; operating systems; database products; development tools; data communications technology.<br>• Requires PKI certificate.<br>• Complex architecture – greater than 2 tier. | • Minimal executive sponsorship.<br>• Agency uses ad-hoc processes.<br>• Agency and/or vendor track record suggests inability to mitigate risk on project requiring a given level of development effort. |
| **Medium** | • Moderate change to business rules.<br>• Major enhancement or moderate change of mission critical system.<br>• Medium complexity business process(es).<br>• Requires moderate job training. | • Under $5 million but over agency delegated authority.<br>• 12 to 24 months for development and implementation. *****<br><br>***** Clock starts after feasibility study or project approval and release of funding. | • New in agency with 3rd party expertise and knowledge transfer.<br>• One of the technologies listed above is new for agency development staff. | • Executive sponsor knowledgeable but not actively engaged.<br>• System integrator under contract with agency technical participation.<br>• Agency and/or vendor record indicates good level of success but without the structure for repeatability. |
| | | | | |

| | Categories | | | |
|---|---|---|---|---|
| **Levels** | **Functional Impact on Business Processes or Rules** | **Development Effort & Resources** | **Technology** | **Capability & Management** |
| **Low** | • Insignificant or no change to business rules.<br>• Low complexity business process(es).<br>• Some job training could be required. | • Within agency delegated authority.<br>• Under 12 months for development and implementation.*****<br><br>***** Clock starts after feasibility study or project approval and release of funding. | • Standard, proven agency technology. | • Strong executive sponsorship.<br>• Agency and vendor have strong ability to mitigate risk on a development project.<br>• Project staff uses documented and repeatable processes for tracking status, problems, and change.<br>• Agency or vendor is CMM Level 3 equivalent or above. |

**Project Approval and Oversight Matrix**

The level of approval and oversight required on a given project is determined through an assessment of project risk and severity:

| | | | |
|---|---|---|---|
| ***High Severity*** | **Level 2** | **Level 2** | **Level 3** |
| ***Medium Severity*** | **Level 1** | **Level 2** | **Level 2** |
| ***Low Severity*** | **Level 1** | **Level 1** | **Level 1** |
| | ***Low Risk*** | ***Medium Risk*** | ***High Risk*** |

Level 2 projects may require ISB approval and oversight.

### Oversight Definition

**Level 1:** Investments at this level are overseen by agency management and staff according to the IT policies, procedures, and practices of that agency, consistent with ISB IT investment policies and standards. It is at the agency's discretion whether to invite the DIS MOST consultant to key meetings, whether to provide the consultant with written reports, and whether to include a Level 1 project in the agency's portfolio.

NOTE: Level 1 investments subject to section 902 of the state's biennial budget are treated as Level 3s.

**Level 2:** DIS oversight of investments at this level is performed by DIS MOST staff, as appropriate. The specific activities required of an agency and the extent of DIS MOST staff involvement under Level 2 oversight are determined collaboratively between the two parties. These typically depend on several factors, including, but not limited to: the experience of the agency with similar investments; the effect of legislative or public opinion in the event of negative media coverage; the interest of specific ISB members (e.g., effect on an ISB legislative member's district); essentially, the criteria contained in the severity/risk matrix.

For all Level 2 investments, the agency shall develop the appropriate type and quality of project management documentation and materials commensurate with the project's severity and risk. Should the agency and DIS MOST staff determine that the project requires DIS oversight, at a minimum, the agency shall provide copies of the project status reports, and key project documents and materials to its MOST consultant and invite the consultant to attend all steering committee and key project status meetings. The agency shall include all Level 2 investments in its IT portfolio, whether or not the projects are under DIS oversight.

NOTE: Level 2 investments subject to section 902 of the state's biennial budget are treated as Level 3s.

**Level 3:** Investments at this level are subject to full ISB oversight, which includes DIS MOST staff written reports to the ISB, periodic status reports to the ISB by the agency director and staff, and submission of other reports as directed by the ISB.

At this level, the agency shall provide copies of key project documents, including the feasibility study, project external quality assurance reports, project management plans, risk management plans, change management plans, and closeout and evaluation reports to its MOST consultant as staff to the Board. The consultant participates in all steering committee and project status meetings. The agency shall include all Level 3 investments in its IT portfolio.

## Oversight Levels

Having determined the risk and severity associated with a proposed project, it will be assigned the appropriate level of approval and oversight with the following general requirements.

| | **Justification & Approval Decision** | **Feasibility Study and Project Management Approach/Execution** | **Oversight** |
|---|---|---|---|
| **Level 3** | • Agency director approval.<br>• DIS executive review and comment.<br>• ISB approval. | • Agency presents feasibility study to ISB.<br>• Prototype required at discretion of ISB.<br>• Private sector participation encouraged or required. | • ISB oversight required.<br>• External QA required.<br>• ISB audit as necessary.<br>• Other ISB discretionary actions as needed.<br>• Reported as part of portfolio. |
| **Level 2** | • Agency executive approval.<br>• DIS Director review and approval. | • Agency executive approval.<br>• DIS consultation. | • Internal or external QA at agency discretion.<br>• DIS and agency determine oversight required<br>• ISB oversight optional.<br>• Reported as part of portfolio. |
| **Level 1** | • Agency executive approval with option of DIS consultation. | • Agency-defined methods. | • Internal QA at agency determination.<br>• Agency may report project as part of portfolio. |

**Requirements at Different Levels of Oversight**

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| **Feasibility Study** | Agency discretion | Recommended | Required |
| **Approval Level** | Agency Internal | DIS Director (may recommend full ISB oversight) | ISB |
| **Investment Plan** | Recommended | Required | Required |
| **Quality Assurance** | Agency discretion | Internal or external (agency discretion) | External required |
| **In Portfolio** | Agency discretion | Required | Required |
| **Oversight** | Agency discretion | Level of MOSTD staff involvement dependent on project and consultation with agency | ISB |
| **Project Reporting and Status** | Agency discretion | Agency provides copies of key written reports to MOSTD staff | MOSTD staff provides written reports to ISB. Agency sponsor and staff provide periodic status reports to ISB |
| **Key Meeting Participation by MOSTD Staff** | Agency discretion | MOSTD staff invited to steering committee and project status meetings | MOSTD staff participates in steering committee and key project status meetings |